
VA Guaranteed Rural Housing News

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Message from the State Director

Fiscal Year 2003 was a very successful year for the GRH program. In Virginia, over 700 loans were obligated in the amount of \$79.4 million. This is a 35% increase (in volume) over fiscal year 2002. From a national perspective, this fiscal year was the best in the history of the GRH program in terms of volume and units.

I would like to congratulate the Stephens City local office staff for their outstanding work in the GRH program. The staff worked hard with their local lenders to guarantee the greatest number of loans in Virginia (134). Verona comes in second at 125, Fredericksburg is third at 117, and a tie for fourth by Wytheville and Culpeper (58).

We could not be successful if it was not for our lenders. Among approved lenders: Chase closed 280 (brokered loans), VHDA 101 (non-delegated lenders or direct originations), C&F Mortgage 58, Columbia National 51, and Mortgage Atlantic 36. We appreciate the support and hard work of our approved lenders.

Rural Development submitting lenders (brokers)

finished out the year as follows: First Residential Mortgage Corp. (39), Federal Funding Mortgage (29), Atlantic Bay Mortgage Group (28), Superior Home Mortgage (27), and Success Mortgage (26). This is the first fiscal year that Atlantic Bay has participated in the GRH program. We are impressed with their strong start and hope that FY 2004 will show a stronger year.

The end of this fiscal year saw Rural Development using all of our allocated funds by the middle of August. The National Office staff worked hard to keep us and the lenders in business by continuing to issue loan commitments and close loans. The beginning of FY 2004 finds us in the same situation; we hope to have full funding in the very near future.

We would like to see our lenders originate over \$100 million in GRH loans in FY 2004. Rural Development staff is committed to providing excellent customer service to our lenders. Please let us know how we can improve.

We would like to remind lenders of the flexible underwriting guidelines as outlined in RD Administrative Notices [3817](#) and [3819](#). These ANs give lenders more flexibility to qualify more

borrowers. For instance, borrowers with credit scores over 660 can have higher ratios than the base of 29/41. For borrowers with lower credit scores, ratio waivers are an option when the borrower has: a long period of employment, cash reserves, or the conservative use of credit (a full list is available within the AN). RD AN [3834](#) gives lenders the authority to not require that all collection accounts be paid prior to closing a GRH loan. We believe that these flexibilities along with our reduced documentation requirements will help lenders and Rural Development assist more Virginians become homeowners in the coming year.

Joseph W. Newbill
State Director

Loss Mitigation Administrative Notice 3877

On June 19, 2003, Rural Development issued [RD AN 3877](#), "[Loss Mitigation-Comprehensive Clarification of Policy](#)", to assist lenders in managing the loss mitigation process. It is the policy of Rural Development to encourage all lenders to provide all

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appropriate loss mitigation options to borrowers to minimize the number of foreclosures. Lenders have the options of offering: informal forbearance plans, sale of property (voluntary liquidation), special forbearance, loan modification, and deed-in-lieu of foreclosure.

Additionally, Chase Manhattan Mortgage, National City Mortgage, and Countrywide Home Loans will work directly with staff at the USDA Centralized Servicing Center (CSC) to process loss mitigation requests. All other lenders should work with the Virginia State Office to process loss mitigation requests.

Non-Citizen Applicants Administrative Notice 3881

The second generation of this notice was posted on July 9, 2003. [RD AN 3881, "Eligibility of Non-U.S. Citizens for Single Family Housing Guaranteed Loan Program Assistance."](#) Unlike FHA loans which require that the applicant have a social security number and some form of Immigration and Naturalization Service (INS) work permit documentation, GRH loan applicants must have specific INS documents. A complete list of the required documents is included in the AN. Applicants that do not possess those documents are not eligible for a GRH loan. More information about INS documentation is available at

the [Department of Homeland Security website](#) (www.dhs.gov/dhspublic).

Lender Fees and Charges Administrative Notice 3883

In Virginia, we have not seen many cases where lenders were charging borrowers excessive costs for processing and closing GRH loans. As a reminder, we would like all lenders to review [RD AN 3883, "Lender Charges and Fees"](#). Essentially, lenders may only charge GRH customers fees that are similar to other high LTV products (such as FHA and VA). Lenders cannot charge additional fees or increase fees for GRH customers only. Review of lender charges and fees are completed prior to the issuance of the Loan Note Guarantee and during scheduled lender compliance reviews.

This and That

- Servicing lenders, please make note of [RD AN 3885, "Foreclosure Sale Bids"](#). This AN allows lenders to reduce foreclosure bid prices by 15% in order that more properties may sell at the sale. Since the first generation of the AN last year, Virginia has seen an increase in the number of 3rd party foreclosure sales and a reduction in

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the number and amount of loss payments.

- Don't forget about the refinancing option for GRH loans as outlined in RD ANs [3774](#) and [3783](#).
- A lender training manual is available at our website www.rurdev.usda.gov/va. As always, we are available to provide training to lender staff and Realtors. Please contact your local office staff or Michelle at michelle.corridon@va.usda.gov.
- Rural Development approved ANB Mortgage Corp. of Danville as an approved lender on October 2, 2003. Tom Tune is the contact person at 434-791-0200. Welcome ANB!

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